

SENATE BILL NO. 442

INTRODUCED BY J. COBB

A BILL FOR AN ACT ENTITLED: "AN ACT CREATING A REVOLVING FUND FOR LOANS FOR LOW-INCOME FAMILIES, USING TEMPORARY ASSISTANCE FOR NEEDY FAMILIES BLOCK GRANT FUNDS."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

NEW SECTION. Section 1. Revolving loan account. (1) There is an account in the department that is a revolving loan account.

(2) The department ~~shall~~ MAY access temporary assistance for needy families block grant funds upon identification of the immediate need or use of the funds as provided in this section. Any interest that is generated from a loan repayment must be deposited into the revolving loan account and used to sustain the program.

(3) The funds from the revolving loan account may be used to provide loans, not to exceed \$8,000 each, for individuals who are eligible for state programs that are funded by the temporary assistance for needy families block grant. Loans may be made for the purposes of:

- (a) payment for job training expenses;
- (b) payment for home repair work for weatherization and energy conservation;
- (c) payment of short-term bills, excluding fines or bad debt;
- (d) payment for business startup costs or business inventory costs, excluding construction;
- (e) payment for gaps in loan payments for escrow costs, for the period before other loans are made, and for closing costs or costs for participating in other loan programs; or
- (f) providing assistance to applicants seeking to develop secondary sources of outside income.

NEW SECTION. Section 2. Administration of revolving loan account -- rulemaking authority. (1) The department shall adopt rules establishing:

- (a) eligibility criteria;
- (b) processes and procedures for disbursing loans, including the agencies or organizations that are

1 allowed to process the loan application for the department; and

2 (c) terms and conditions for the loans, including repayment schedules and interest.

3 (2) The department shall solicit assistance in the development and operation of the program from
4 individuals familiar with financial services and from low-income individuals.

5 (3) Administrative costs ~~may~~ SHALL not exceed 5% of the total loans. Legal fees and costs
6 associated with collection of debt on principal are not considered administrative fees.

7 (4) The loan repayment period may not exceed 2 years. The department may seek recovery of
8 the amount of principal loaned in the event of default.

9

10 NEW SECTION. **Section 3. Outcome measures.** The department shall develop reasonable outcome
11 measures by which the program success will be measured on an annual basis. Minimal outcome that must
12 be measured includes:

13 (1) a loan loss ratio of under 5%;

14 (2) the types of training that are most successful in leading to specific types of employment; and

15 (3) a determination of the number of individuals who did not have to access public assistance
16 because of successful participation in this program.

17

18 NEW SECTION. **Section 4. Codification instruction.** [Sections 1 through 3] are intended to be
19 codified as an integral part of Title 53, chapter 4, part 2, and the provisions of Title 53, chapter 4, part
20 2, apply to [sections 1 through 3].

21

- END -